



PERENTI GLOBAL LIMITED

Interim financial report
for the half-year ended 31 December 2021

ABN 95 009 211 474



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PERENTI GLOBAL LIMITED

ASX Half-year information - 31 December 2021

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the
30 June 2021 Annual Report.

Results for announcement to the market - Appendix 4D

				31 DECEMBER 2021	31 DECEMBER 2020
		%		\$'000	\$'0000
Revenue from ordinary activities	Up	12.9	to	1,192,448	1,056,180
Profit from ordinary activities after tax attributable to members	Up	137.6	to	24,577	(65,404)
Net profit for the period attributable to members	Up	137.6	to	24,577	(65,404)

Dividends		Amount per security	Franked amount per security
Interim dividend	(cents)	-	-
Previous corresponding period	(cents)	3.5	-

The Company does not propose to pay an interim dividend for the half year ended 31 December 2021.

Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

Net tangible assets per share

	31 DECEMBER 2021	31 DECEMBER 2020
	CENTS	CENTS
Net tangible asset backing per ordinary share	94.4	89.3

Explanation of results

For an explanation of the figures reported above please refer to the interim financial report for the half-year ended 31 December 2021. In the prior comparative period the loss from ordinary activities after tax included non-recurring, one-off items impacting the half-year ended 31 December 2020 and mainly related to the cost of implementing the AMS strategic review amounting to \$88.1 million, the redemption premium of \$8.1 million paid in relation to the early repayment of the US dollar high yield bond refinanced during the period and other adjustments.

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ABOUT THIS REPORT

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Perenti Global Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Perenti Global Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 2, 202 Pier Street, Perth, Western Australia 6000. Its shares are listed on the Australian Stock Exchange.

Directors' report

Your directors present their report on the consolidated entity consisting of Perenti Global Limited ("**Perenti**") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were directors of Perenti during the whole of the half-year and up to the date of this report, unless otherwise noted:



Mr Robert James Cole
Chairman



Mr Mark Alexander John Norwell
Managing Director and
Chief Executive Officer



Mr Mark Andrew Hine



Ms Alexandra Clare Atkins



Mr Timothy Longstaff
Appointed 16 August 2021



Ms Andrea Hall

1H22 Overview

Perenti delivered operational and financial results in 1H22 that were in-line with expectations while also making significant progress on strategic initiatives and progressing the ramp up of several growth projects, including Savannah, Motheo and Iduapriem.

The global COVID-19 pandemic and the flow-on impact on the global economy remained a feature of the six months to 31 December 2021. Despite this, Perenti continued to deliver value and certainty for its stakeholders while successfully navigating the ever-evolving COVID-19 landscape. During the six months, Perenti navigated supply chain constraints and general inflationary cost pressures as well as increased shortages of skilled labour due to a number of factors including a buoyant mining industry and a restricted ability to source international and interstate labour due to COVID-19 induced travel restrictions.

In addition, the business took active steps to manage its portfolio by divesting MinAnalytical and several other non-core assets. These divestments liberated \$85.4 million of cash which will be redeployed across the business in accordance with the principles of the recently released Capital Management Policy. Fundamental to the Capital Management Policy is cash prioritisation, including a revision of the Dividend Policy to support leverage reduction to our target of <1.0x in the medium term.

We continue our strong drive to leverage available mining technology to improve the safety, productivity and sustainability of our operations. Technology is at the forefront of what we do and the establishment of *idoba*, Perenti's technology and innovation service offering, ensures we are well positioned to capitalise on this capability to develop and service the mines of the future.

People, safety and sustainability

In 1H22 our Serious Potential Incident Frequency Rate (SPIFR) continued to decline from 2.9 at 30 June 2021 to 2.6, while our Total Recordable Injury Frequency Rate (TRIFR) increased from 5.1 at 30 June 2021 to 6.7. The latter was predominantly as a result of an increase in lower-severity injuries including muscle strains, sprains and minor impact and cut injuries. Whilst our primary objective is the elimination of fatalities and life-changing injuries, it is also crucial we maintain a focus on reducing these lower-severity injuries also.

During 1H22, Perenti established the Board Sustainability Committee with Non-Executive Director Tim Longstaff appointed as the Chair. The role of the committee includes overseeing, monitoring and reviewing the Company's practices and governance in relation to safety, health, environment, climate change, our community and social performance and human rights.

The development of Perenti's decarbonisation roadmap and climate change position statement continued to progress. Significant effort has been placed on stakeholder input and review, and the draft roadmap is near completion.

During the half, Perenti released a position statement on eliminating sexual harassment in its workplace and rolled out an internal campaign called "It's NOT ok" throughout the business. We have been progressing a broader plan to ensure a safe and healthy workplace. This includes unconscious bias training for the Executive and other senior leaders, approval of our Inclusion and Diversity strategy, and development of the next phase of this work, which will see a robust program of discovery undertaken to understand the reality of sexual harassment and other disrespectful behaviours in our organisation.

The design and development of a bespoke internal leadership development program across the Group is now complete. The program, called Leading at Perenti, has already been experienced by the Executive and will be rolled out across the Group in 2022.

SPIFR

↓ **2.6**

Serious Potential Injury Frequency Rate down from 2.9 in FY21

TRIFR

↑ **6.7**

Total Recordable Injury Frequency Rate up from 5.1 in FY21

EMPLOYEES

~**9,000**

Australian workforce up primarily due to Savannah and Cowal and African workforce increase is primarily due to Iduapriem



1H22 Highlights

- Strong revenue of \$1.2 billion supporting an underlying EBITDA of \$201.8 million, an underlying EBIT(A) of \$80.8 million and an underlying NPAT(A) of \$34.9 million, all of which reflect growth on 2H22
- Statutory NPAT(A) of \$41.5 million, up \$86.0 million from a statutory NPAT(A) loss of \$44.5 million in the prior corresponding period
- Our committed and determined ~9,000 strong workforce delivered results in-line with expectations through proactive navigation of a challenging operating environment in respect of labour, supply chains and general cost pressures
- Available liquidity of \$539.7 million and net debt of \$522.5 million with leverage of 1.3x
- Updated Capital Management and Dividend Policies with an enhanced focus on liquidity
- Liberated \$85.4 million of cash through the divestment of MinAnalytical, non-core property, and non-core corporate equity holdings
- Strong cash conversion of

↑ **94%**

due to a continued focus on liquidity and capital management
- Subsequent to the end of the period, *idoba* announced a Memorandum of Understanding between the Sumitomo Corporation and finalised the acquisition of two additional and complementary businesses
- Work in hand remains strong at \$5.7 billion including \$1.4 billion of extensions and our \$9.5 billion pipeline is geared towards high-margin underground opportunities
- Perenti has confirmed its FY22 EBIT(A) guidance and increased expected revenue range, notwithstanding that labour constraints and supply pressures are expected to persist through FY22
- Perenti will continue to progress several initiatives to achieve target leverage of <1.0x in the medium term and will provide further context during the strategy refresh in 2H22



Financial Overview

The Group delivered results slightly better than expectations during 1H22. The core Underground mining business continued to perform well, despite the impediments caused by the new variants of COVID-19. Several underground projects contributed revenue growth but margins were constrained by labour and supply pressures across our Australian underground projects. Surface mining continues to deliver improved performance underpinned by the turnaround of AMS. Our Investments Industry Sector Group (ISG) delivered solid earnings driven by improved pricing structures and productivity.

Perenti's statutory revenue and net profit after tax for the half ending 31 December 2021 were \$1,192 million (1H 2021:

\$1,056 million) and \$26.7 million profit (1H 2021: \$63.8 million loss) respectively, a significant improvement on the prior period comparatives. The statutory position for 1H22 includes some one-off items and therefore a reconciliation from statutory results to underlying results is presented in the reconciliation table below.

The material non-recurring items included a gain from the divestment of the MinAnalytical business and related transaction costs amongst other items. Other non-recurring items included a \$23.2 million non-cash impairment of an intangible asset related to the exit from the Sukari contract in Egypt. The customer related intangible asset was recorded upon acquisition of the Barmenco business in 2018.

Reconciliation of statutory results to underlying results for 1H22 - \$million

	Revenue	EBITDA	EBIT	NPAT
Statutory Results	1,192.4	202.8	67.0	26.7
Non-cash amortisation of intangibles	-	-	14.8	14.8
Statutory Results before amortisation	1,192.4	202.8	81.8	41.5
<i>Less non-recurring items below</i>				
Non-cash impairment related to the exit from Sukari	-	23.2	23.2	23.2
Gain on disposal of business	-	(29.3)	(29.3)	(29.3)
One-off transaction, redundancy costs and other	-	4.1	4.1	4.1
Foreign exchange (loss)/gain, net	-	1.0	1.0	1.0
Net tax effect	-	-	-	(3.5)
Non-controlling interests	-	-	-	(2.1)
Underlying¹ Results	1,192.4	201.8	80.8	34.9

Reconciliation of statutory results to underlying results for 1H21 - \$million

	Revenue	EBITDA	EBIT	NPAT
Statutory Results	1,056.2	118.0	(16.5)	(63.8)
Non-cash amortisation of intangibles	-	-	19.3	19.3
Statutory Results before amortisation	1,056.2	118.0	2.8	(44.5)
<i>Less non-recurring items below</i>				
Implementation of AMS Strategic Review	(42.8)	80.0	88.1	88.1
USD bond redemption premium	-	-	-	8.1
One-off transaction and redundancy costs	-	2.0	2.0	2.7
Foreign exchange (loss)/gain, net	-	0.9	0.9	0.9
Net tax effect	-	-	-	(9.1)
Non-controlling interests	-	-	-	(1.6)
Underlying Results	1,013.4	200.9	93.8	44.6

(1) 1H22 Underlying excludes any non-recurring items as disclosed in the table above. See slide 14 of Perenti's 1H22 investor presentation for further details.

On an underlying basis, Perenti reported revenue of \$1,192.4 million, an increase of 18% on first half of FY21 (1H21), and underlying Net Profit After Tax (excluding amortization and other one-offs) of \$34.9 million, down \$9.7 million or 22% when compared to 1H21. This was largely due to the impact of a number of external factors including the continued ramp up of several growth projects, COVID-19 impacts, increased competition for labour, supply pressures and general inflationary cost pressures resulting in compressed margins.

At a segment level, during 1H22 Perenti's Underground Mining ISG contributed 71% of revenue and 82% of Group EBIT(A) before corporate overheads. In-line with the commencement of new contracts, Underground Mining revenue grew for a fourth consecutive period. During the period, Underground ISG EBIT(A) margins softened primarily due to labour constraints, supply pressures and general inflationary cost pressures across several Australian underground projects, particularly Agnew and Dugald River. African underground projects delivered earnings consistent with both 1H21 and 2H21 and North American earnings increased by approximately 50% on 1H21 and approximately 30% on 2H21. Furthermore, at the end of the period, the Company commenced the transition out of the Sukari underground project in Egypt. As a result, Perenti recognised a one-off NPAT(A) impairment of \$23.2 million for customer related intangibles associated with the project. Perenti has \$18.0 million of project related inventory, plant, property and equipment held as assets held for sale on the balance sheet. The sale of these assets was finalised in February 2022 and the exit process is expected to be completed in 2H22.

Perenti's Surface Mining ISG represents 22% of Group revenue and 13% of Group EBIT(A) before Group overheads. During 1H22, both revenue and earnings increased as a result of strong operating performances across several projects. Motheo continues to progress well and remains on-track to commence in 2H22. During the period, our surface business delivered a third consecutive period of growth across our African projects. We are pleased with the continued strong operational and financial performance of our Surface business. With the scheduled start of the Motheo project in 2H22, combined with the continued strong performance of other projects, we expect to see incremental improvements in revenue and earnings in 2H22.

REPORTED REVENUE

↑ **\$1.2B**

An increase of 18% on first half of FY21 (1H21)

The Investments ISG represents a smaller component of the Group, contributing 7% of Group revenue and 5% of Group EBIT(A) before corporate overheads in 1H22. During the half, Perenti's newly established digital and innovation service offering, *idoba*, was incorporated into the Investments ISG. During 1H22, the primary businesses that form *idoba* (Sandpit Innovation, Optika and ImpRes) performed well, however a proportionately modest EBIT(A) loss was booked and is related to the expense requirements associated with our investment in people, systems and governance structures to support longer-term growth. During the period, our remaining Investments businesses delivered improved revenues and earnings driven by improved pricing structures, stronger sales pipelines and improved productivity. On 17 December 2021, Perenti announced the divestment of MinAnalytical to ALS Limited for a total consideration of \$43.6 million and as a result Perenti will no longer report on its performance.

At 31 December 2021, the Group's balance sheet remained robust, supported by strong cash conversion of 94% and receipts from sales of property, equity investments and the MinAnalytical business liberating \$85.4 million in cash. Cash and cash equivalents at the end of the first half 2021 were \$258.9 million and undrawn amounts under revolving credit facilities were \$280.8 million, providing sufficient liquidity to meet ongoing committed work and planned growth projects. Net debt increased slightly to \$522.5 million (30 June 2021: \$503.3 million) but with net leverage and gearing remaining stable at 1.3x and 28% respectively when compared to 30 June 2021.

Excellent operating cash conversion of 94%, active working capital management and receipt of cash associated with the divestments resulted in leverage ratio being 1.3x. In line with the principles of the newly released Capital Management Policy, Perenti will continue to progress several initiatives designed to achieve its target leverage of <1.0x in the medium-term. In addition, given current leverage forecasts, a dividend was not declared and Perenti does not anticipate declaring dividends in FY22.

The Group's credit ratings from Moody's Investor Services, Standard and Poor's and Fitch were maintained at Ba2, BB and BB respectively.

UNDERGROUND

\$million	1H22	1H21	% change
Sales to external customers	849.2	730.6	16.2 ▲
Underlying EBIT(A)	85.9	110.2	22.2 ▼

Perenti's underground subsidiaries, Barminto and African Underground Mining Services (AUMS), together form one of the world's largest hard-rock underground mining services companies. Founded in 1989, Barminto is synonymous with the delivery of high-quality underground mining solutions and was instrumental in the design and implementation of high-speed decline development.

AUMS was established in 2007 and combines Barminto's skills and experience in underground mining services with the wider Group's knowledge, experience and client network in Africa. The underground business operates gold and base metal mines for clients in Australia, Africa and Canada offering a full suite of underground mining services from mine development to production and underground diamond drilling.

In 1H22, the underground business recorded strong revenue growth through operational improvements at existing projects, winning new work and the ramp up of growth projects. During the half, the business was impacted by labour constraints primarily across our Australian underground projects and more broadly supply pressures, across our domestic and international operations. Our Agnew, Dugald River and Zone 5 projects were particularly impacted by the labour constraints and supply pressures.

Internationally, notable achievements during the half included the continued ramp up at Zone 5 in Botswana with production starting in July, the opening of the new Wona complex as part of the Siou mine in Burkina Faso and production beginning at the Geita Hill mine in Tanzania. January 2022 marked the end of operations at the Sukari mine in Egypt as the business looks to transition away from single mine countries.

Following Perenti's strategic expansion into Canada, works are progressing well at both the Red Chris mine in British Columbia and the Hemlo mine in Ontario.

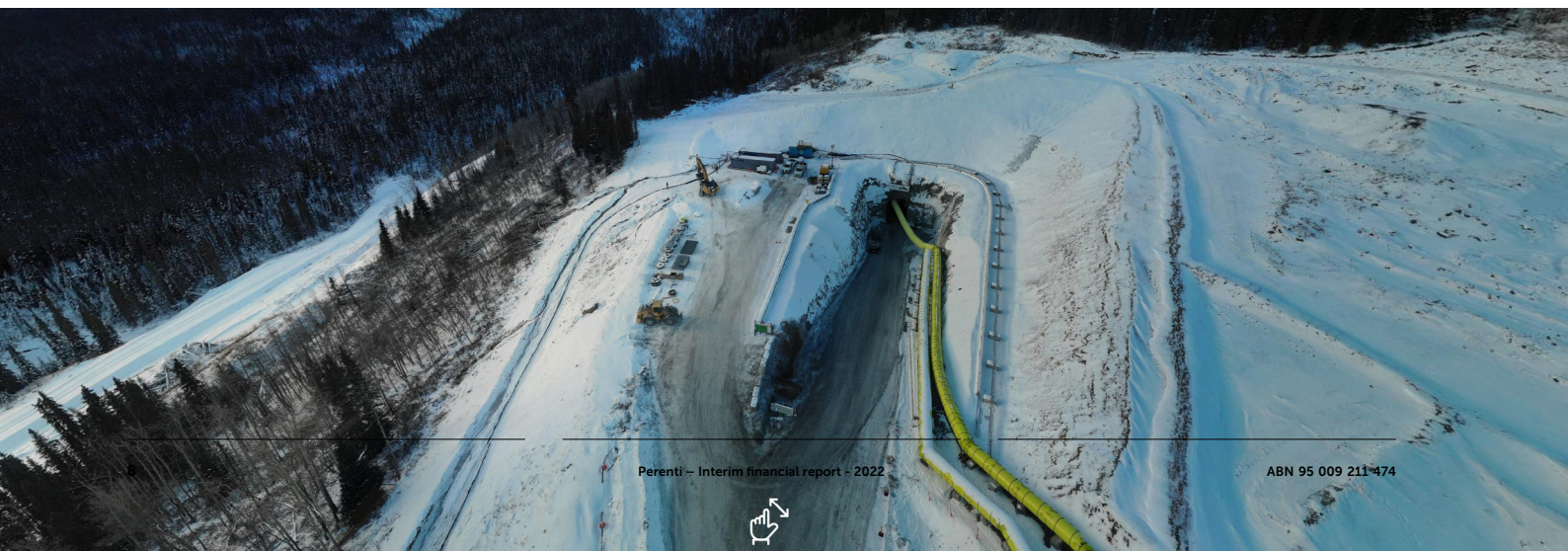
In Australia, Barminto secured an extension to works at Cowal in New South Wales, our first underground contract in the state and recorded solid operational performances across a number of projects, including Sunrise Dam, Nova, Mt Colin, Rosemont and Spotted Quoll.

Development ramped up at Cowal, Garden Well and Odysseus, to support our client's planned production requirements and at Wallaby we commenced production activities in addition to our development scope. Positive commercial discussions continued with a number of our clients with many of these expected to flow through in the near term.

There was continued domestic and international demand for our fleet of Rhinos, mobile mini-raiseboring machines, with the fleet performing strongly in 1H22.

The underground business continued to invest in next generation equipment to support safer and more sustainable operations. In line with this, the team trialled a battery electric charge up wagon at one of our projects and we will take delivery of additional electric light vehicles and auxiliary fleet in the second half of the financial year.

Barminto and AUMS continued to deliver high quality and reliable underground mining services to clients in Africa and our growth market of North America, despite the challenging operational environment arising from COVID-19 with continued strong focus on investing in, and developing, the communities in which we operate.



SURFACE

\$million	1H22	1H21	% change
Sales to external customers	266.2	214.9	23.9 ▲
Underlying EBIT(A)	14.2	4.0	256.8 ▲

Our Surface Mining business includes Ausdrill in Australia and African Mining Services or AMS in Africa. Ausdrill is a leading provider of drilling services specialising in exploration, drill and blast, grade control and geotechnical services. It operates one of the most extensive fleets of drilling equipment and has experience across a range of commodities throughout Australia.

AMS is a surface mining operator with 30 years' experience of providing safe and reliable production and exploration services. The Company has a strong track record of delivering successful outcomes for our clients in a diverse range of mining jurisdictions across Africa. This is achieved through our highly trained localised workforce and the capability, scale and scope of our mining fleet.

The surface mining business continues to deliver improved performance underpinned by the successful ongoing transformation of the AMS business. There was also strong operational and financial performance from the surface Australia business driven by a steady drill and blast performance and an increase in exploration activity on the back of positive commodity prices in some key commodities.

During 1H22 AMS delivered a solid operational performance including a strong focus on reducing idle equipment and working capital. The business continued to deliver on client expectations despite the challenges brought about by the pandemic with our Sanbrado operation in Burkina Faso performing strongly.

A standout for the half was the award of a new \$280 million contract to AMAX, a joint venture between AMS and Ghanaian contracting company Maxmass, for works at the Iduapriem mine in Ghana. The joint venture represents AMS's significant and ongoing commitment to developing and expanding the capacity and capability of our local partners in the region.

In addition, the open pit mining services contract for works at Sandfire Resources' Motheo Project in Botswana was finalised with mobilisation to site underway. The project is the largest single surface mining contract in our history with development due to start in 2H22. To ensure the local community in Botswana benefits from this project, the contract will be delivered through a joint venture and we are currently working to identify a suitable partner.

Ausdrill recorded a strong operational performance in 1H22 on the back of a steady performance in its drill and blast business unit and an increase in exploration activity driven by positive commodity prices across some key minerals. A number of regional exploration campaigns were delivered to multiple clients and there were notable scope increases with term-based clients including BHP Nickel West and Alcoa at Huntly.





INVESTMENTS

\$million	1H22	1H21	% change
Sales to external customers	77.0	67.9	13.4 ▲
Underlying EBIT(A)	5.0	7.1	29.6 ▼

Perenti's Investments ISG is comprised of several companies that provide a range of support services to the mining and oil and gas industries. These include mining equipment and parts supplier BTP, mining services and solutions providers Supply Direct and Logistics Direct, and oil and gas equipment supplier Well Control Solutions. The Investments ISG employs approximately 270 people and its network of client businesses are located across Australia, Africa, South East Asia, and Europe.

During the period, Perenti's technology driven products and services business, *idoba*, was incorporated into the Investments ISG and operational and financial results going forward will reflect this.

A key development during 1H22 in the Investments ISG was the divestment of its assaying services provider, MinAnalytical, to ALS Limited for \$43.6M. The divestment is part of Perenti's ongoing strategic review of its portfolio, including services, operating regions and businesses. Following the transaction, Perenti retained an 8% equity holding in Chrysos given the significant future value proposition that the ongoing successful commercialisation of PhotonAssay technology by Chrysos represents. The net proceeds of this transaction will be allocated across Perenti's portfolio to maximise shareholder value.

BTP

BTP is one of Australia's largest non-Original Equipment Manufacturer suppliers of heavy earthmoving equipment solutions to the mining and construction industries. BTP's offering includes maintenance and repair services, parts, reconditioned and service exchange for major components, equipment rebuilds, equipment rental and used equipment sales. BTP's equipment rental offering includes an extensive fleet of excavators, dump trucks, dozers, graders and ancillary equipment, including water carts.

A more targeted sales strategy developed by new management in the last financial year has set strong foundations for the team to leverage an improving sales pipeline and is expected to deliver improved earnings in 2H22.

IDOBA

idoba is a digital transformation service business that brings together multiple technology offerings, operational expertise and broader energy and resources technical capability. The company's capabilities span management consulting, industrial mathematics, product development and commercialisation, data science and artificial intelligence.

During 1H22, the primary businesses that form *idoba* (Sandpit Innovation, Optika and ImpRes) continued to perform well, seeing revenue growth and consistent profits. FY22 is expected to remain a period of strategic investment, as corporate governance, technology and product development structures are implemented to support growth.

SUPPLY DIRECT GROUP

Supply Direct Group is a major supplier of purpose built and standardised solutions to the mining industry, both for internal (subsidiary) use and external major mining houses. The business is an authorised distributor to several world class products that provide quality integrated solutions.

Supply Direct performed solidly in the first half contributing better than expected results in a market impacted significantly by the pandemic. The performance of the team has built momentum leading into 2H22 to ensure continued earnings growth in 2H22.

LOGISTICS DIRECT

Logistics Direct provides ground, air and sea freight forwarding services along with customs brokering services for mining companies globally.

The 1H22 results for the business were in line with expectations. Import volumes by clients grew although global supply chains remain disrupted due to the pandemic. Despite this, the business continues to deliver quality services across the board to its broad client base.

WELL CONTROL SOLUTIONS (WCS)

WCS provides rental, parts and consumables, and maintenance of pressure control and pump products for the oil and gas sector.

During the half, business activity levels grew, supporting increased sales levels and improvement in financial performance. WCS expects this trend to continue. The business is focused on strategic growth and is looking to expand its services regionally. We are also developing diversification opportunities for rig sub-assembly work with a local drilling rig manufacturer to support our growth in the Australian market.

OUTLOOK

During the period, Perenti commenced a process of refreshing the 2025 Strategy and will provide an update in 2H22. While details of the refreshed strategy are yet to be finalised, the primary focus areas of the strategy refresh are expected to include:

- An enhanced approach to capital management and allocation;
- Continued review of our current portfolio of services, regions and businesses;
- The utilisation of technology and data to generate insights into the current business and to develop future capital light services; and
- Optimised business performance and improved free cash flow to create sustainable shareholder value.

At the end of the period, Perenti's work in hand stood at \$5.7 billion, including \$1.4 billion of contract extension opportunities. Perenti's organic growth pipeline of \$9.6 billion reflects a geographic focus on lower risk jurisdictions, stronger focus on capital efficiency and a greater emphasis on high-margin underground projects. 2H22 financial and operational performance is expected to be stronger when compared to 1H22 as growth projects continue to ramp-up and deliver stronger earnings, including Zone 5, Iduapriem and Savannah. Financial performance at both Agnew and Dugald River are expected improve and a stronger BTP sales pipeline is expected to contribute to stronger earnings within 2H22.

As a result of thorough forecasting, Perenti has updated its FY22 revenue guidance. Revenue is now forecast at between \$2.2 billion and \$2.4 billion. EBIT(A) guidance remains unchanged at between \$165 million and \$185 million due to the expected continuation of labour and supply constraints impacting margins throughout FY22. This FY22 guidance assumes no further worsening of the impacts of COVID-19.

DIVIDENDS

In-line with the principles of the Capital Management Policy, the Directors have elected not to declare an interim dividend for the half-year ended 31 December 2021.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in this report and the accompanying financial report. Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar, in accordance with the instrument.

This report is made in accordance with a resolution of directors.



Mark Alexander John Norwell
Managing Director and Chief Executive Officer

Perth
21 February 2022

AUDITOR'S INDEPENDENT DECLARATION



Auditor's Independence Declaration

As lead auditor for the review of Perenti Global Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Perenti Global Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley'.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
21 February 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$'000	31 December 2020 \$'000
Revenue from ordinary activities		1,192,448	1,056,180
Other income	5(a)	37,065	5,044
Materials expense		(355,272)	(319,329)
Labour costs		(512,104)	(427,319)
Rental and hire expense		(22,128)	(8,145)
Depreciation expense	5(b)	(120,945)	(115,189)
Amortisation expense	5(b)	(14,832)	(19,291)
Finance costs	5(b)	(27,386)	(36,866)
Finance income		201	273
Other expenses from ordinary activities	5(b)	(114,040)	(125,969)
Impairment of assets	4(b)	(23,162)	(62,502)
Profit/(Loss) before income tax		39,845	(53,113)
Income tax expense		(13,144)	(10,682)
Profit/(Loss) for the half-year		26,701	(63,795)
Profit/(Loss) is attributable to:			
Equity holders of Perenti Global Limited		24,577	(65,404)
Non-controlling interests		2,124	1,609
Profit/(Loss) for the half-year		26,701	(63,795)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:		CENTS	CENTS
Basic earnings/(loss) per share		3.40	(9.30)
Diluted earnings/(loss) per share		3.40	(9.30)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
Profit/(Loss) for the half-year	26,701	(63,795)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange (loss)/gain on translation of foreign operations	(8,650)	4,364
Exchange gain on translation of foreign operations - non-controlling interest	476	726
<i>Items that will not be reclassified to profit or loss</i>		
Gain on revaluation of FVOCI financial assets, net of tax	11,732	1,339
Other comprehensive income for the half-year, net of tax	3,558	6,429
Total comprehensive income/(loss) for the half-year	30,259	(57,366)
Total comprehensive income/(loss) for the half-year is attributable to:		
Equity holders of Perenti Global Limited	27,659	(58,249)
Non-controlling interests	2,600	883
Total comprehensive income/(loss) for the half-year	30,259	(57,366)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 \$'000	30 June 2021 \$'000 RESTATED*
ASSETS			
Current assets			
Cash and cash equivalents		258,945	264,741
Trade and other receivables		367,657	325,893
Inventories		217,137	214,411
Current tax receivables		13,607	10,545
Assets classified as held for sale		17,961	28,894
Total current assets		875,307	844,484
Non-current assets			
Property, plant and equipment		802,222	716,667
Right-of-use assets		45,833	74,691
Intangible assets		649,715	678,814
Deferred tax assets		149,155	147,741
Financial assets at fair value through other comprehensive income	2	32,606	25,536
Receivables		4,442	4,889
Total non-current assets		1,683,973	1,648,338
TOTAL ASSETS		2,559,280	2,492,822
LIABILITIES			
Current liabilities			
Trade and other payables		302,092	260,311
Borrowings	6	7,511	1,923
Lease liabilities		23,743	24,537
Current tax liabilities		12,580	14,659
Employee benefit obligations		75,202	70,719
Total current liabilities		421,128	372,149
Non-current liabilities			
Borrowings	6	729,109	692,268
Lease liabilities		21,073	49,272
Deferred tax liabilities		69,006	78,135
Employee benefit obligations		3,033	2,935
Total non-current liabilities		822,221	822,610
TOTAL LIABILITIES		1,243,349	1,194,759
NET ASSETS		1,315,931	1,298,063
EQUITY			
Contributed equity	8	1,139,379	1,137,783
Other reserves		(21,251)	(10,594)
Retained earnings		185,879	160,986
Capital and reserves attributable to the owners of Perenti Global Limited		1,304,007	1,288,175
Non-controlling interests		11,924	9,888
TOTAL EQUITY		1,315,931	1,298,063

* See note 1(c) for details regarding the restatement as a result of a change in accounting policy.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Notes	ATTRIBUTABLE TO OWNERS OF PERENTI GLOBAL LIMITED				NON-CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
		CONTRIBUTED EQUITY \$'000	OTHER RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000		
Balance at 1 July 2021 as originally presented		1,137,783	(10,594)	165,629	1,292,818	9,888	1,302,706
Prior year adjustment							
Software-as-a-Service - Intangible	1(c)	-	-	(4,643)	(4,643)	-	(4,643)
Restated total equity at the beginning of the financial period		1,137,783	(10,594)	160,986	1,288,175	9,888	1,298,063
Profit for the half-year		-	-	24,577	24,577	2,124	26,701
Other comprehensive income		-	3,082	-	3,082	476	3,558
Total comprehensive income for the half-year		-	3,082	24,577	27,659	2,600	30,259
Asset revaluation reserve gain taken to retained earnings on sale of asset		-	(11,998)	11,998	-	-	-
Vested employee share rights that have lapsed, been cancelled or forfeited		-	(1,929)	1,929	-	-	-
Transfer from financial assets at FVOCI reserve to retained earnings		-	86	(123)	(37)	-	(37)
Transactions with owners in their capacity as owners:							
Dividends paid	7	-	-	(14,108)	(14,108)	-	(14,108)
Dividends paid to non-controlling interests		-	-	-	-	(748)	(748)
Capital contribution from non-controlling interests		-	-	-	-	184	184
Deferred tax movement on capital raising costs		(292)	-	-	(292)	-	(292)
Employee share rights - value of employee services		-	1,990	-	1,990	-	1,990
Shares issued on conversion of employee share rights		1,888	(1,888)	-	-	-	-
Equity movements on sale of business		-	-	620	620	-	620
		1,596	(13,739)	316	(11,827)	(564)	(12,391)
Balance at 31 December 2021		1,139,379	(21,251)	185,879	1,304,007	11,924	1,315,931

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the half-year ended 31 December 2021

ATTRIBUTABLE TO OWNERS OF PERENTI GLOBAL LIMITED						
Notes	CONTRIBUTED EQUITY \$'000	OTHER RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000	NON- CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2020	1,135,323	(11,104)	270,039	1,394,258	5,496	1,399,754
(Loss)/profit for the half-year	-	-	(65,404)	(65,404)	1,609	(63,795)
Other comprehensive income/(loss)	-	7,155	-	7,155	(726)	6,429
Total comprehensive income/(loss) for the half-year	-	7,155	(65,404)	(58,249)	883	(57,366)
Transactions with owners in their capacity as owners:						
Deferred tax movement on capital raising costs	(292)	-	-	(292)	-	(292)
Shares issued on conversion of employee share options	2,082	(19)	-	2,063	-	2,063
Dividends paid 7	-	-	(24,563)	(24,563)	-	(24,563)
Employee share options/rights - value of employee services	-	(562)	-	(562)	-	(562)
Issue of ordinary shares as part of dividend reinvestment plan, net of transaction costs and tax	962	-	-	962	-	962
	2,752	(581)	(24,563)	(22,392)	-	(22,392)
Balance at 31 December 2020	1,138,075	(4,530)	180,072	1,313,617	6,379	1,319,996

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,210,742	1,105,056
Payments to suppliers and employees (inclusive of goods and services tax)	(1,020,388)	(918,860)
	190,354	186,196
Interest received	201	273
Interest and other costs of finance paid	(24,834)	(21,809)
Income taxes paid	(35,255)	(28,520)
Net cash inflow from operating activities	130,466	136,140
Cash flows from investing activities		
Payments for purchase of subsidiaries	-	(6,895)
Payments for property, plant, equipment and intangibles	(220,943)	(134,497)
Proceeds from sale of property, plant and equipment	5,054	15,096
Proceeds from sale of assets held for sale	31,158	-
Proceeds from sale of assets at FVOCI	9,692	-
Cash removed on disposal of subsidiary	(1,579)	-
Cash acquired on acquisition of subsidiary	-	1,617
Proceeds from sale of business	43,595	-
Net cash outflow from investing activities	(133,023)	(124,679)
Cash flows from financing activities		
Proceeds from borrowings	128,243	649,341
Repayment of borrowings	(107,458)	(681,992)
Redemption premium on 2022 High Yield Bonds	-	(8,143)
Payments of lease liabilities	(12,627)	(15,487)
Payments of borrowing costs	(12)	(14,053)
Proceeds from issues of shares, net of transaction costs	-	81
Dividends paid	(14,108)	(38,777)
Transactions with non-controlling interest	(354)	-
Net cash outflow from financing activities	(6,316)	(109,030)
Net decrease in cash and cash equivalents	(8,873)	(97,569)
Cash and cash equivalents at the beginning of the financial year	264,741	327,491
Effects of exchange rate changes on cash and cash equivalents	3,077	(10,390)
Cash and cash equivalents at the end of the half-year	258,945	219,532

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Perenti Global Limited (Company or Group) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

a. New and amended standards adopted by the group

A number of amended standards and IFRIC interpretations became applicable for the current reporting period. Other than items disclosed in note 1 (c), the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

b. Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group. The Group is assessing the impact of the new standards, but does not expect them to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

c. International Financial Reporting Standards Interpretations Committee final agenda decisions adopted

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions to provide guidance on AASB 138 *Intangibles* which impact Software-as-a-Service (SaaS) arrangements covering:

- A customer's right to receive access to the supplier's software hosted on the cloud (March 2019). This decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (March 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise costs predominantly related to acquisition, configuration and customisation activities that are related to cloud computing arrangements as intangible assets (software) in the consolidated statement of financial position. The Group has since adopted the IFRIC decisions in the half year ended 31 December 2021 and updated its accounting policy for SaaS related intangibles as presented below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits from the software itself.

The following outlines the accounting classification of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract

- *Fee for use of application software*
- *Customisation costs (non-distinct services)*
- *Configuration costs (non-distinct services)*

Recognise as an operating expense as the service is received

- *Data conversion and migration costs*
- *Customisation costs (distinct services)*
- *Configuration costs (distinct services)*
- *Testing costs*
- *Employee training costs*

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to Note 7(e) of the 30 June 2021 Annual report for an outline of the Group's previous accounting policy for intangible assets.

The change in accounting policy has resulted in a retrospective reclassification of certain intangible assets as an expense in the Consolidated Statement of Comprehensive Income, impacting both the current and prior periods. Prior period retained earnings in the Consolidated Statement of Changes in Equity has been adjusted by \$4.6 million with the corresponding reduction to Property, Plant and Equipment in the Consolidated Statement of Financial Position. The adjustment is not material to the financial statements of the Group and therefore full restatement disclosures have not been prepared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)

c. International Financial Reporting Standards Interpretations Committee final agenda decisions adopted (continued)

The change in policy has been applied retrospectively and comparative information has been restated. This had the following impact on the amounts recognised in the financial statements:

	30 June 2021	Movement	30 June 2021 (restated)
	\$'000	\$'000	\$'000
Balance Sheet			
Property, plant and equipment	721,310	(4,643)	716,667
Retained earnings	(165,629)	4,643	(160,986)

2. FAIR VALUE MEASUREMENTS

This note provides an update on the judgements and estimates made by the Group when determining the fair values of the financial instruments since the last annual financial report.

a. Fair value hierarchy

The group classifies its financial instruments using the three levels as prescribed under AASB 13 *Fair Value Measurement*.

The following table presents the Group's financial assets measured and recognised at fair value at

31 December 2021 and 30 June 2021 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 31 December 2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
Australian unlisted equity securities	-	-	32,062	32,062
CAD listed equity securities	299	-	-	299
GBP listed equity securities	245	-	-	245
Total financial assets	544	-	32,062	32,066
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 30 June 2021				
Financial assets				
Financial assets at fair value through other comprehensive income				
Australian listed equity securities	6,118	-	-	6,118
Australian unlisted equity securities	-	-	18,150	18,150
CAD listed equity securities	704	-	-	704
GBP listed equity securities	564	-	-	564
Total financial assets	7,386	-	18,150	25,536

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data without over reliance on entity specific estimates. The instrument is included in Level 2 if all significant inputs required to fair value an instrument are observable.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

2 FAIR VALUE MEASUREMENTS (CONTINUED)

b. Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items for the periods ended 31 December 2021 for recurring fair value measurements:

	UNLISTED EQUITY SECURITIES	TOTAL
	\$'000	\$'000
Opening balance 01 July 2020	18,475	18,475
Transfers between classes	(325)	(325)
Closing balance 30 June 2021	18,150	18,150
Disposals	(3,900)	(3,900)
Revaluation	17,812	17,812
Closing balance 31 December 2021	32,062	32,062

The above revaluation relates to a unlisted equity security revalued at 31 December 2021 based upon information received in relation to a recent transaction of the security.

There were no transfers between the levels of the fair value hierarchy and there were no changes to the valuation methods in the six months to 31 December 2021.

c. Valuation inputs and relationships to fair value

Changes in the fair value of unlisted equity securities are analysed at least each reporting period by discussion with the Chief Financial Officer. As part of this discussion the team explains the reason for any fair value movements based on information received in relation to recent transactions or financial information of the unlisted equity securities.

3. SEGMENT INFORMATION

a. Description of segments

Management has determined the operating segments based on the internal reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director assesses the performance of the operating segments based on Revenue and EBIT(A).

The operating segments are identified by the Managing Director based on the nature of the services provided. The Managing Director considers the business from a geographic perspective, similarity of the services provided and the nature of risks and returns associated with each business.

Reportable segments are:

Surface Mining:

The provision of mining services including drilling and blasting, in-pit grade control, exploration drilling and earthmoving in Australia and Africa.

Underground Mining:

The provision of underground mining services in Australia, Africa and North America.

Investments:

Mining support services including products and services including equipment hire, equipment parts and sales, mineral analysis, supply of equipment, logistics services and technology driven products and services. During the half-year ended 31 December 2021 the *idoba* group, Perenti's technology entities, were included in the Investments segment having been previously included in Group Functions at 30 June 2021 to better reflect how this business is reviewed by the Managing Director. The prior period comparatives have been reclassified to reflect this change.

Group Functions:

This segment includes Group central functions including treasury, accounting, human resources, information technology, procurement and administration.

Intersegment Eliminations:

Represents transactions which are eliminated on consolidation.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

EBIT(A):

EBIT(A) is defined as earnings before finance costs, finance income, income tax expense or benefit and amortisation of intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director

	SURFACE MINING	UNDERGROUND MINING	INVESTMENTS	GROUP FUNCTIONS	INTER- SEGMENT ELIMINATIONS	CONSOLIDATED
Half-year ended 31 December 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers	266,210	849,221	77,017	-	-	1,192,448
Intersegment sales	-	-	14,631	-	(14,631)	-
Total sales revenue	266,210	849,221	91,648	-	(14,631)	1,192,448
Timing of revenue recognition						
- At a point in time	795	-	36,627	-	(9,665)	27,757
- Over time	265,415	849,221	55,021	-	(4,966)	1,164,691
	266,210	849,221	91,648	-	(14,631)	1,192,448
Underlying segment EBIT(A)	14,171	85,945	5,020	(24,335)	-	80,801
Amortisation expense	(277)	(13,537)	(581)	(437)	-	(14,832)
Impairment of customer related intangibles	-	(23,162)	-	-	-	(23,162)
Transaction, restructuring costs and other	(296)	36	(1,957)	(1,920)	-	(4,137)
Foreign exchange (loss)/gain, net	(647)	337	846	(1,504)	-	(968)
Gain on disposal of business	-	-	29,328	-	-	29,328
Reported segment EBIT	12,951	49,619	32,656	(28,196)	-	67,030
Interest income	-	-	-	-	-	201
Interest expense	-	-	-	-	-	(27,386)
Profit before tax						39,845
Income tax expense						(13,144)
Profit for the period						26,701
Non-controlling interests						(2,124)
Profit for the period attributable to members						24,577
Segment assets	653,444	1,653,993	175,329	1,700,105	(1,623,591)	2,559,280
Segment liabilities	408,588	1,066,906	138,901	832,908	(1,203,954)	1,243,349
Other segment information						
Depreciation expense	(29,283)	(80,131)	(9,591)	(1,940)	-	(120,945)
Amortisation expense	(277)	(13,537)	(581)	(437)	-	(14,832)
Acquisition of property, plant and equipment, intangibles and other non-current assets	71,057	135,516	7,208	7,162	-	220,943

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 SEGMENT INFORMATION (CONTINUED)

b. Segment information provided to the Managing Director (continued)

	SURFACE MINING	UNDERGROUND MINING	INVESTMENTS	GROUP FUNCTIONS	INTER- SEGMENT ELIMINATIONS	CONSOLIDATED
Half-year ended 31 December 2020						
Restated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers	257,651	730,613	67,881	35	-	1,056,180
Intersegment sales	77	62	9,646	-	(9,785)	-
Total sales revenue	257,728	730,675	77,527	35	(9,785)	1,056,180
Timing of revenue recognition						
- At a point in time	1,124	-	21,631	-	(7,545)	15,210
- Over time	256,604	730,675	55,896	35	(2,240)	1,040,970
	257,728	730,675	77,527	35	(9,785)	1,056,180
Underlying segment EBIT(A)	3,972	110,170	7,117	(27,443)	-	93,816
Impairment of assets	(62,502)	-	-	-	-	(62,502)
Trade receivable provisions and bad debts arising from AMS strategic review	(11,995)	-	-	-	-	(11,995)
Other restructuring and exit costs associated with the AMS strategic review	(13,573)	-	-	-	-	(13,573)
Amortisation expense	-	(19,291)	-	-	-	(19,291)
Transaction, restructuring costs and other	(191)	-	(9)	(1,896)	-	(2,096)
Foreign exchange (loss)/gain, net	(696)	(4,308)	(1,930)	6,055	-	(879)
Reported segment EBIT	(84,985)	86,571	5,178	(23,284)	-	(16,520)
Interest income						273
Interest expense						(36,866)
Loss before tax						(53,113)
Income tax expense						(10,682)
Loss for the period						(63,795)
Non-controlling interests						(1,609)
Loss for the period attributable to members						(65,404)
Segment assets	645,559	1,522,389	214,214	1,899,216	(1,769,225)	2,512,153
Segment liabilities	373,623	864,721	203,025	771,124	(1,020,336)	1,192,157
Other segment information						
Depreciation expense	(33,570)	(70,261)	(9,566)	(1,792)	-	(115,189)
Amortisation expense	-	(19,291)	-	-	-	(19,291)
Acquisition of property, plant and equipment, intangibles and other non-current assets	33,552	83,220	13,307	4,419	-	134,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

3 SEGMENT INFORMATION (CONTINUED)

c. Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the consolidated statement of profit or loss.

Total revenue by geographical location is as follows:

	31 DECEMBER 2021			31 DECEMBER 2020		
	TOTAL SEGMENT REVENUE	INTER-SEGMENT REVENUE	REVENUE FROM EXTERNAL CUSTOMERS	TOTAL SEGMENT REVENUE	INTER-SEGMENT REVENUE	REVENUE FROM EXTERNAL CUSTOMERS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Surface Mining						
- Australia	101,055	-	101,055	90,322	(77)	90,245
- Ghana	82,946	-	82,946	50,104	-	50,104
- Burkina Faso	32,803	-	32,803	31,546	-	31,546
- Mali	12,446	-	12,446	52,011	-	52,011
- Senegal	36,924	-	36,924	33,714	-	33,714
- Other foreign countries	36	-	36	32	-	32
Underground Mining						
- Australia	406,061	-	406,061	336,370	-	336,370
- Ghana	128,430	-	128,430	127,999	-	127,999
- Burkina Faso	107,707	-	107,707	108,410	-	108,410
- Tanzania	55,490	-	55,490	49,908	-	49,908
- Egypt	41,075	-	41,075	44,340	-	44,340
- Botswana	63,821	-	63,821	38,858	(62)	38,796
- Canada	46,637	-	46,637	24,441	-	24,441
- India	-	-	-	348	-	348
Investments						
- Australia	70,422	(3,836)	66,586	57,609	(86)	57,523
- Africa	21,226	(10,795)	10,431	19,584	(9,323)	10,261
- Other foreign countries	-	-	-	334	(237)	97
Group Functions						
- Australia	-	-	-	35	-	35
Total segment revenue	1,207,079	(14,631)	1,192,448	1,065,965	(9,785)	1,056,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

4. INDIVIDUALLY SIGNIFICANT ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Note	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Impairment of property, plant and equipment	4(a)	-	(51,842)
Impairment of inventory	4(a)	-	(10,660)
Impairment of customer related intangibles	4(b)	(23,162)	-
Gain on sale of MinAnalytical business	4(c)	29,328	-
		6,166	(62,502)

a. Impairment of property, plant and equipment

For the half-year ended 31 December 2021, the Group assessed whether there were any indicators of impairment. The Company's market capitalisation at 31 December 2021 was below its net assets and management considered this factor amongst other impairment indicators at 31 December 2021.

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of Cash Generating Units (CGUs) against their respective budgets and forecasts. Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of Fair Value less Cost of Disposal (FVLCD) and Value in Use (VIU).

At 31 December 2021 indicators of impairment existed for the Group and this was tested against the individual CGUs of Surface Mining Australia, Surface Mining Africa, Underground Mining and BTP Group. Estimates of recoverable amounts for these Surface Mining and BTP Group CGUs and their non-current assets were prepared using the FVLCD method to assess whether impairments or reversal of previous impairments were required. As disclosed in the 30 June 2021 Annual Report, the Group sourced independent valuations at 30 June 2021 to support the FVLCD estimates used for non-current assets within the Surface Mining and BTP CGUs. As these valuations were obtained during the last six months, and there were no other internal or external factors which would indicate that the valuations were not current, management have placed reliance on these independent valuations as at the 31 December 2021 balance date. Separately, estimates of recoverable amounts for the Underground Mining CGU were prepared using the VIU method, refer to note 4(b) for further detail. No impairment expense was recorded for property, plant and equipment for this CGU at 31 December 2021.

Summary of impairments and methods used to assess for impairment

The following table summarises the outcomes from impairment testing conducted across the Company's material CGUs.

	SEGMENT	INDICATOR FOR IMPAIRMENT TESTING		VALUATION METHOD USED		IMPAIRMENT EXPENSE/ (REVERSAL)	
		31 DEC 21	31 DEC 20	31 DEC 21	31 DEC 20	31 DEC 21	31 DEC 20
CGU							
						\$'000	\$'000
BTP Group	Investments	Y	Y	FVLCD	VIU	-	-
Surface Mining - Africa	Mining	Y	Y	FVLCD	FVLCD	-	62,502
Surface Mining - Australia	Mining	Y	Y	FVLCD	FVLCD	-	-
MinAnalytical (sold 30 November 2021)	Investments	N/A	Y	N/A	VIU	N/A	N/A
Underground Mining (Australasia and International)	Mining	Y	N	VIU	N/A	23,162	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

4 INDIVIDUALLY SIGNIFICANT ITEMS (CONTINUED)

a. Impairment of property, plant and equipment (continued)

Key assumptions used for Fair Value less Costs of Disposal

At 31 December 2021, a FVLCD methodology was adopted for the BTP Group, Surface Mining Africa and Surface Mining Australia, combining (Level 1, Level 2, and predominately Level 3) inputs to the fair value determination.

No impairment expense was recognised and no reversal or impairment was considered required at 31 December 2021 based on an independent valuation of the non-current assets in the BTP Group, Surface Mining - Africa and Surface Mining - Australia CGUs.

For the half year ended 31 December 2020, no impairment was recorded against Surface Mining - Australia or BTP Group CGUs. However, an impairment of \$62.5 million was recorded against the property, plant and equipment and inventory of the Surface Mining - Africa CGU based upon the FVLCD independent valuation. mainly triggered by contract exits. Refer to 30 June 2021 Annual Report for further details.

b. Customer related intangibles and goodwill

The Group will exit the Sukari contract in Egypt on 31 January 2022. This contract was included in the Underground Mining segment as disclosed in note 3 of this report. The exit from this contract was considered to be an indicator of impairment at 31 December 2021, resulting in an impairment of the entire remaining value of the customer related intangible of \$23.2 million. The property, plant and equipment and inventory met the criteria of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* and was therefore disclosed in the consolidated statement of financial position at 31 December 2021 as 'Assets classified as held for sale'.

There were no other internal or external impairment indicators for the Underground Mining CGU other than the exit of this contract and therefore the 30 June 2021 VIU model, updated for Sukari and other key assumptions, was used. Other key assumption changes were:

- The weighted average cost of capital post-tax discount rates were in the range of 9.4% and 14.4% (2021: 9.6% and 14.4%) and varied depending on the country risk assigned to the region in where a project was domiciled. The present value of cash flows is sensitive to the growth and discount rates used noting a higher discount rate will result in a lower recoverable value.
- A foreign exchange rate of \$0.73 US\$:AU\$ (2021: \$0.75 US\$:AU\$) spot rate was used to translate the US Dollar denominated CGU's into Australian Dollars.

The testing performed by management did not identify any reasonably possible outcome where an impairment needs to be recorded for goodwill. Further details of the assumptions utilised in the 30 June 2021 VIU model can be found in note 7(e)(iv) of the 30 June 2021 Annual Report.

c. Gain on sale of MinAnalytical business

On 17 December 2021 the Group completed a divestment, effective 30 November 2021, of its ownership in its subsidiary MinAnalytical Laboratory Services Australia Pty Ltd ('MinAnalytical'). The total consideration for the transaction was \$43.6 million in cash, comprised of \$39.0 million for shares in MinAnalytical plus \$4.6 million for prepayments and other financial adjustments. A gain of \$29.3 million, net of transaction costs, was recorded against Other income in the Consolidated Statement of Profit or Loss. The sale of MinAnalytical did not represent a separate major line of business and therefore has not been disclosed as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

5. OTHER INCOME AND EXPENSE ITEMS

a. Other income

	Notes	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Gain on sale of business	4(c)	29,328	-
Other items		3,820	3,986
Traineeship grants		3,361	-
Gain on disposal of non-current assets		430	-
Insurance proceeds		126	1,058
Total other income		37,065	5,044

b. Breakdown of expenses by nature

Depreciation expense			
Plant and equipment depreciation		108,556	97,546
Right-of-use asset depreciation		12,258	17,151
Buildings depreciation		131	492
Total depreciation expense		120,945	115,189
Amortisation expense			
Customer relationships intangibles amortisation		13,323	19,051
Software amortisation		1,509	240
Total amortisation expense		14,832	19,291
Finance costs			
Interest expense		23,068	23,476
Redemption premium on 2022 High Yield Bonds		-	8,143
Lease contracts interest		2,036	3,058
Amortisation of borrowing cost		2,259	1,393
Other finance costs		23	796
Total finance costs		27,386	36,866
Other expenses from ordinary activities			
Travel and accommodation		18,838	22,311
Staffing, safety and training		18,217	15,469
Freight		20,267	17,237
Consultants		11,156	10,280
Insurance		7,891	10,309
IT and communications		10,633	10,832
Property related expenses		4,024	4,303
Duties and taxes		5,167	6,544
Foreign exchange loss/(gain), net		968	879
Trade receivable provisions and bad debts		200	12,042
Loss on disposal of non-current assets		-	3,534
All other expenses		16,679	12,229
Total other expenses from ordinary activities		114,040	125,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

6. BORROWINGS

	31 DECEMBER 2021			30 JUNE 2021		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Secured						
Bank loans	-	113,020	113,020	-	92,500	92,500
Capitalised borrowing costs	(1,155)	(581)	(1,736)	(1,345)	(1,068)	(2,413)
Other loans	6,651	6,298	12,949	6,332	9,551	15,883
Total secured borrowings	5,496	118,737	124,233	4,987	100,983	105,970
Unsecured						
USD notes	-	619,119	619,119	-	600,004	600,004
Loan from non-controlling interest	1,101	-	1,101	-	1,290	1,290
Capitalised borrowing costs	(3,162)	(8,747)	(11,909)	(3,064)	(10,009)	(13,073)
Insurance premium funding	4,076	-	4,076	-	-	-
Total unsecured borrowings	2,015	610,372	612,387	(3,064)	591,285	588,221
Total borrowings	7,511	729,109	736,620	1,923	692,268	694,191

At 31 December 2021, the Group had the following facilities that were not drawn at balance date:

	31 DECEMBER 2021	30 JUNE 2021
	\$'000	\$'000
Total unutilised facilities - bank and other loans	354,380	329,580

a. Bank loans

Perenti Global Limited has revolving credit facilities limit of A\$400 million. The facilities are multi-currency, mature on 1 July 2023 and have been provided by a number of leading lending institutions in the Australian banking market. As at 31 December 2021, 30% of the facilities were drawn down.

b. Other loans

Other loans include asset financing arrangements with various financiers which are secured by the specific assets financed.

c. USD notes

On 7 October 2020 Perenti issued 6.50% guaranteed senior notes due for repayment 7 October 2025 with a US\$450 million principal amount. The notes were issued by Perenti Finance Pty Ltd are unsecured and have been guaranteed by Perenti Global Limited and its subsidiaries. The interest on the notes is payable semi-annually on 7 April and 7 October. The notes are quoted on the Singapore Stock Exchange.

d. Covenants on financing facilities

The Group's financing facilities contain undertakings including an obligation to comply with certain financial covenants. All banking covenants have been complied with at reporting date and the Group has significant headroom available under all covenants.

e. Refinancing requirements

Where existing facilities approach maturity, the Group will seek to renegotiate with existing and new financiers to extend the maturity date of those facilities. The Group's earnings profile, credit rating, state of the economy, conditions in financial markets and other factors may influence the outcome of those negotiations.

f. Credit ratings

The Group currently has a credit rating of Ba2 (Outlook Stable) from Moody's, a credit rating of BB (Outlook Stable) from Standard & Poor's and a credit rating of BB (Outlook Positive) from Fitch. Where a credit rating is reduced or placed on negative watch, customers and suppliers may be less willing to contract with the Group. Banks and other lending institutions may demand more stringent terms (including increased pricing) on debt facilities to reflect the higher credit risk profile.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

6. BORROWINGS (CONTINUED)

g. Fair value

For the majority of the borrowings, the fair values were not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. Material differences are identified only for the following borrowings:

	31 DECEMBER 2021		30 JUNE 2021	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	\$'000	\$'000	\$'000	\$'000
On-balance sheet				
Traded financial liabilities				
USD note - unsecured US\$450 million	619,119	641,222	600,004	631,864

The fair values of non-current borrowings are based on market price (Level 1) at the balance sheet date.

7. DIVIDENDS

a. Dividends paid in the reporting period

	31 DECEMBER 2021	31 DECEMBER 2020
	\$'000	\$'000
Prior year unfranked dividend of 2.0 cents per ordinary share paid 20 October 2021 (2020: 3.5 cents paid 3 November 2020).	14,108	24,563

b. Dividends determined subsequent to the reporting period (not recognised as a liability)

	31 DECEMBER 2021	31 DECEMBER 2020
	\$'000	\$'000
No interim dividends were determined for the half-year ended 31 December 2021 (2020: unfranked interim dividend of 3.5 cents per ordinary share paid 7 April 2021).	-	24,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

8. CONTRIBUTED EQUITY

a. Contributed equity

	31 DECEMBER 2021	30 JUNE 2021	31 DECEMBER 2021	30 JUNE 2021
	SHARES	SHARES	\$'000	\$'000
Ordinary shares				
Fully paid ordinary shares	705,711,193	704,295,221	1,139,379	1,137,783

b. Movements in ordinary share capital

Details	NUMBER OF SHARES	TOTAL \$'000
Opening balance 1 July 2021	704,295,221	1,137,783
Employee share schemes issue (rights)	1,415,972	1,888
Contribution of equity, net of transaction costs and tax	-	(292)
Balance 31 December 2021	705,711,193	1,139,379

c. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

d. Dividend reinvestment plan

The Company's Dividend Reinvestment Plan is currently suspended until further notice.

e. Options

Information relating to the Company's expired Employee Option Plan, including details of the options issued, exercised and forfeited during the financial year ended 30 June 2021 is set out in the 2021 Annual Report. There are no options that remain outstanding at 31 December 2021.

f. Rights

Information relating to the Company Incentive Rights Plan is included in the 2021 Annual Report.

9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 9 February 2022, the Group announced that *idoba*, Perenti's technology driven products and services business, completed the strategic acquisition of two complementary businesses, Orelogy and Atomorphis. Orelogy are specialist resource consultants with multi-commodity expertise across resource sector project development and management, mine planning and cost modelling optimisation, as well as pre-feasibility and feasibility studies. Atomorphis is a resource sector data science group that delivers agent-based software modelling capability. In addition, a Memorandum of Understanding between *idoba* and Sumitomo Corporation was executed for the co-creation and joint development of digital mining products for the advancement of sustainable mining practices.

There are no other matters or circumstances that have arisen since the end of the half-year which significantly affected or may significantly affect business operations, the results, or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 30 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards including AASB 134 *Interim Financial reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Mark Alexander John Norwell
Managing Director and Chief Executive Officer
Perth

21 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS



Independent auditor's review report to the members of Perenti Global Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Perenti Global Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Perenti Global Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

PricewaterhouseCoopers, ABN 52 780 433 757

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS



and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to be 'CH' followed by a flourish.

Craig Heatley
Partner

Perth
21 February 2022



Interim financial report
for the half-year ended 31 December 2021

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